RAJYA SABHA

Thursday, the 29th March, 1990/5th Chaitra, 1912 *(Saka)*

The House met at eleven of the clock, **Mr. Chairman** in the Chair.

ORAL ANSWERS TO QUESTIONS

Compulsory Enforcement of Pre-shipment Inspection and Quality Control on Export Items

*241. SHRI HARVENDRA SINGH HANSPAL; Will the Minister of COMMERCE be pleased to state-

(a) whether Government have drawn up an action plan to compulsorily enforce the system of pre-shipment inspection and quality control of items meant for exports;

(b) if so, what are the details thereof;

(c) whether it is a fact that at present several exporters are exporting inferior quality goods and thus bringing bad name to the country; and

(d) if so, what stringent measure; Government propose to take against such exporters?

THE MINISTER OF COMMERCE AND TOURISM (SHRI ARUN KUMAR NEHRU); (a) and (b) Under the provisions of Export (Quality Control and Inspection) Act and the rules made thereunder, there is a procedure laid down for subjecting items of exports from India to pre-shipment inspection and quality control. No action plan for this purpose is considered necessary.

(c) and (d) Complaints on quality of goods and merchandise exported, as and when received, are investigated and action taken.

श्री हरवेन्द्र सिंह हंसपाल : सभापति महोदय, मंत्री जी ने यह कहा कि –

"No action plan for this purpose is considered necessary. "

मेरे पास यह 'हिंदुस्तान टाइम्स' की 15 मार्च, 1990 की एक रिपोर्ट है, जिसमें लिखा है–

"The Government has drawn up an action plan to make the present system of pre-shipment inspection and quality control for exports more effective and meaningful. A redesigning of the current system has become necessary so that inadequacies of inspection do not become an impediment to the export efforts, Mr. K. N. Arthanareeswaran, Special Secretary in Commerce Ministry said today while inaugurating the seminar organised by the Export Inspection Council of India on the occasion of its Silver Jubilee. "

तो माननीय मंत्री जी यह बताने की कृपा करें कि क्या वह सच कह रहे हैं या उनके स्पेशल सेक्रेटरी ने सच कहा है ?

श्री अरुण कुमार नेहरू : सर, प्री शिपमेंट इंसपेक्शन के जो इस वक्त नियम हैं, करीब एक हजार आईटम्स इस केटेगरी में आती हैं । अब इसमें कोई ऐसा एक्शन प्लान नहीं है कि हर आईटम जिसकी एक्सपोर्ट होती है, उसको हम प्री-इंसपेक्शन में लें । इसलिए जब आप आंकड़े देखेंगे, तो इस साल करीब 28 हजार करोड़ रुपये का एक्सपोर्ट होने वाला है । उसमें जो इंसपेक्शन की आईटम्स हैं, वह केवल 5 हजार करोड़ रुपये की हैं । उस पांच हजार करोड़ में भी अढ़ाई हजार करोड़ की ऐसी आईटम्स हैं जिनका कम्पनी में खुद इंसपेक्शन होता है । वहां हमारी इंसपेक्शन एजेंसी नहीं होती है । अब एक हजार आईटम्स में कभी-कभी किसी आईटम्म में कंप्लेंट आ जाती है, तो उसमें हम टाइटनिंग करने की कोशिश करते हैं ।

मैं माननीय सदस्य को पूरे आंकड़े दे भी सकता हूं कि पिछले दो सालों में, 1987, 1988 में इंसपेक्शन 2,200 करोड़ रुपये, इतनी एक्सपोर्ट वैल्यू पर हुआ था । और उसमें कम्प्लेंट्स हमारे पास 60 लाख की आई थीं । उसी तरह पिछले साल 2800 करोड़ की इंसपेक्शन हुई,

उसमें कम्प्लेंट्स करीब 80 लाख में आई थी। थोड़े प्रोडक्ट्स में आई थीं। तो जहां पर कम्प्लेंट्स आती हैं वहां पर एक्शन लेते हैं । मगर यह कहना कि हर प्रोडक्ट को इंस्पेक्शन में डालें, वह तो ठीक नहीं होगा ।

श्री हरवेन्द्र सिंह हंसपाल : मंत्री महोदय, मैं ने यह बिल्कुल नहीं कहा कि आप हर चीज का इंस्पेक्शन करवाइए । मैंने यह कहा कि एक अखबार की रिपोर्ट है कि एक सेमिनार में आपके स्पेशल सेक्रेटरी गए और उन्होंने कहा कि--

"The Government has drawn up at action plan".

आप कहते हैं कि नहीं कर रहे हैं । मैं तो यह पूछना चहता हूं कि कर रहे हैं या नहीं कर रहे हैं ? हां या ना में जवाब दीजिए ।

श्री सभापति : उन्होंने कहा कि एक्शन प्लान नहीं है ।

श्री हरवेन्द्र सिंह हंसपाल : यह कहें कि सेक्रेटरी साहब ने सच नहीं बोला ।... (**व्यवधान**) .. मैं, झूठ हैं, लफ्ज नहीं कहना चाहता । मैं चाहता हूं कि वह कह दें कि वह गलत है जो उन्होंने कहा। दूसरी बात आपने कही कि 2800 करोड़ के एक्सपोर्ट करते हैं और इंस्पेक्शन के आईटम्स 2200 करोड़ के हैं । ऐसा आपने कहा।...(**व्यवधान**)...2200 करोड़ का किया, उसमें से 60 लाख की कम्प्लेंट्स आयीं तो जब सिर्फ इतनी थोड़ी-सी कम्प्लेंट्स हैं—2800 करोड़ में 60–65 लाख की सिर्फ कम्प्लेंट्स हैं तो आप इंसपेक्शन करवाते क्यों हैं ? महोदय, मैं खुद एक्सपोर्टर रहा हूं, इस ध्यान से आप मेरी बात सुन लीजिए क्योंकि अगर आपने कोई गलत बात की तो मैं उसका जवाब दे सकूंगा । जो इंस्पेक्शन एजेंसीज हैं, जब इनके इंस्पेक्टर फैक्ट्रीज में जाते हैं तो वे लार्ड बनकर जाते हैं । वे इंस्पेक्शन नहीं करते वहां पर खाना खाते हैं, वहां पर रौब डालते हैं और करप्सन्ज करते है फिर दफ्तर में बैठकर सील दे देते हैं ।

श्री अरविन्द गणेश कुलकर्णी : बहुत से करते हैं और बहुत ही करते हैं ।

श्री हरवेन्द्र सिंह हंसपाल : बहुत करते हैं या कम करते हैं, इस बात का सवाल नहीं है ।

श्री अरविन्द गणेश कुलकर्णी : इतना ही लिमिटेड नहीं है ।

श्री हरवेन्द्र सिंह हंसपाल : जो करते हैं, वह बात सदन में नहीं कही जा सकती । मेरा कहना यह है कि इंस्पेक्शन जरूर होना चाहिए और इंस्पेक्शन इस ढंग से होना चाहिए कि जो सही हो । आंकड़े ये आंकड़े सही नहीं हैं कि सिर्फ हमारी इतनी कम्प्लेंट्स आयीं । अमेरिका ने कई दफा हमारे इंजीनियरिंग आईटम्स बंद कर दिए । आज की तारीख में भी वह इंस्पेक्शन काउंसिल की रिपोर्ट को नहीं मानता । वह एक और ला बनाने जा रहे हैं, एच०आर० 3000 अमेरिका में । They will be liable for criminal action; अगर उनके मुताबिक वहां पर माल नहीं जाएगा । तो मैं यह जानना चाहता हूं कि जो इंस्पेक्सन हो रहा है, जो इंस्पेक्शन काउंसिल है, एक्सपोर्ट इंस्पेक्शन काउंसिल है वह सही ढंग से काम करे उसके लिए आप क्या करने जा रहे हैं ताकि हमारे देश की इमेज बाहर खराब न हो, सही माल यहां से जाए और मैल–प्रैक्टिसिज्म न बढ़े, इसके लिए आप क्या करा रहे हैं ।

श्री अरुण कुमार नेहरू : सर, पहली बात यह है कि माननीय सदस्य हमें कोई स्पेसिफिक एक्जाम्पल किसी चीज का दे दें तो मैं स्पेसिफिक जवाब दे सकता हूं । मगर आप जो फैक्ट्स कह रहे हैं वह ठीक नहीं हैं। आप प्रूव कर दीजिए । मैं जो आपसे कह रहा हूं 28 हजार करोड़ का एक्सपोर्ट होता है । अब आप अखबार की रिपोर्ट के विषय में, सेक्रेटरी के विषय में कह रहे हैं । उन्होंने जो एक्सपोर्ट एजेंसी की बात कही थी, वह यह थी कि जो भी प्रोसीजर हैं, उन्हें सिम्प्लीफाय करना चाहिए । अब माननीय सदस्य जी खुद

ही कह रहे हैं कि इंस्पेक्टिंग एजेंसी लोगों को तंग करती है । हम खुद ही चाहते हैं कि यह पूरा प्रोसीजर इतना सिम्पली-फाय होना चाहिए कि उसमें कोई प्रोब्लम न हो । आप तो खुद ही एक्सपोर्टर हैं । आप कोई प्रश्न पूछना चाहते हैं, तो मैं जवाब दे सकता हूं । मगर आप स्पेसि-फिकली कोई चीज पर पूछ लीजिए । हम लोग भी कोशिश कर रहे हैं, इंस्पेक्सन एजेंसीज भी कोशिश कर रही हैं कि "इन हाउसेज क्वालिटी कंट्रोल", जो होता है बढ़े, तो एक्सपोर्ट तो तभी बढ़ेगा जब उसकी क्वालिटी अच्छी होगी । मगर मैं यह नहीं चाहता हूं कि क्वालिटी कंट्रोल इस तरीके से करें कि इंस्पेक्शन को हम पुलिसिंग की कार्यवाही कर दें । यह तो है नहीं कि हम ट्रांजेक्शंस पर एक एक्सपोर्ट इन्सपेक्शन काउंसिल बैठायेंगे । हमारी तो कोशिश यह है कि मैनुफैक्चरर्स जो हिंदुस्तान में हैं वे खुद ही रियलाइज करें कि एक्सपोर्ट करना है तो क्वालिटी अच्छी होनी चाहिए और जिस तरह से एक्सपोर्ट बढ़ रहा है उससे दिख ही रहा है कि आपकी क्वालिटी पूरे विश्व में एक्सेप्टेबुल है । आखिर 22 हजार से 28 हजार करोड़ पर जा रहे हैं और अगले साल 40 हजार करोड़ का देख रहे हैं । तो हमारी कोशिश है कि इन्स्पेक्टिंग एजेंसीज का रोल भविष्य में कम हो ।

श्री सभापति: उन्होंने एक और पूछा है

that America is going to pass a **law.**

Is there any such move?

SHRI ARUN KUMAR NEHRU: If that law comes we will examine it. We are not very much worried about it.

MR. CHAIRMAN: Is there any such move?

SHRI ARUN KUMAR NEHRU: We have not seen anything on that as yet.

SHRI SANTOSH BAGRODIA; I appreciate the stand of the hon. Minister that it should be more liberalised from the inspection point of view but since there is a general complaint that Indian goods are considered not up to the standard in the world market, may I suggest that at leas in the first year there should be a thorough inspection with regard to the first exporter **and then we can give** more liberalisation? Similarly, if there is a complaint received against any goods from the foreign exporters, is there any provision to take strict action also against the inspectors of the inspection agency?

SHRI ARUN KUMAR NEHRU: Sir, our products are compared with the best in the world. There is no question of our products being below a certain quality standard. I do not think that anyone should remotely suggest that. Today we are one of the largest exporters in the world and our intention in future alw is to maximise our export. just because there are one or two offenders, we should not condemn the others. Today our products, whether it is leather, textiles, gems, jewellery, engineering, chemicals, are considered to be just a; good as of any other producer in the world. The fact is that instead of being a commodity exporter today we have got value additions. Even in leather for years we were exporting hides but today we are exporting fashion garments, bags, shoes and getting a very high value. This is coming up because the quality of our goods is acceptable. Now if there are any comnlaints on account of bad quality, these are suitably investigated. We have appropriate scheme for taking action against such *offender* offenders but we are trying to convince people that quality goods will fetch; 'them higher price in the international market. We should take corrective action in that sphere. We are not for prosecuting people because we feel that it is a very very small minority and that will decline further.

MR. CHAIRMAN; He has asked two specific questions. Will you be more strict so far as the first exporter is concerned? Secondly, if there is a complaint, will you take action against the inspection agency also?

SHR ARUN KUMAR NEHRU: Yes, Sir, we will certainly take action against

inspection agencies when such cases are brought to our notice. Wo are more and more getting attuned to export. More and more people are exporting and we are giving more and more incentives. Every year we have an addition of 15, 000 to 20, 000 new exporters and it would not be practicable to...

MR. CHAIRMAN; He is asking you to b$_e$ more careful for the first exporter.

SHR1 ARUN KUMAR NEHRU: I think we must operate on a system of truit. We should accept the fact that our exporters can match the best quality in the world. Why should we police them at the first stage? If something is wrong, we will look into it, but just for one per cent we should hot penalise the other 99 per cent

SHRI DlPEN GHOSH; Mr. Chairman, Sir, this scheme for compulsory pre-shipment inspection and quality control was brought into being with a view to creating quality consciousness among the Indian exporters and also to ensure a third-party guarantee to the foreign importer. Sir, this scheme was adopted in the year 1963 and today it is 1990, 27 years have passed. Only about 900 and odd items of the exportable commodities have been brought under this scheme. There are other aspects of this. Inspection agencies are there. There are Government inspection agencies, export inspection agencies and at the same time some private agencies are also allowed to inspect and give a certificate. During the last 27 years, it has been observed that some of the items which were brought under the scheme of compulsory pre-shipment and quality control were exempted from that scheme and a sort of in-house inspection system was allowed. My specific question is, in respect of those items for which inhouse inspection was allowed, and also in respect of those items where private inspection agencies were allowed to operate, what is the incidence of complaints from the foreign importers about the quality of Indian merchandise—whether there has been any deterioration, because of this exemption being granted to the private exporters, in ensuring the quality of the Indian merchant ? If so, what steps the Government has taken to ensure the maintenance of the quality of Indian merchandise?

Part (b) of my question is, whether Government is considering to extend the coverage of the scheme; a and whether new exportable items are being considerd to be brought under this scheme.

SHRI ARUN KUMAR NEHRU: Sir, as I have mentioned earlier out of 5000 crores, nearly half of it was in the in-process quality control, and we have also used particularly the private agencies in addition to the Export Inspection Council. We have also authorised the Directorate of Marketing and Inspection for agricultural products, the Directorate of Fruit and Vegetable Preservation for fruits and vegetables. Like that, we have several other agencies. The complaints received in their regard are virtually negligible: we have had no complaints whatsoever. As far as Export Inspection Council is concerned, we have a full organisation. We also have the agencies in Bombay, Calcutta, Cochin, Delhi and Maidras. Generally, our aim is to encourage more and more in: process quality control because basically we have to create an atmosphere of trust and we do not want delays to take place.

Now the **hon. Member** has mentioned that we have about 900 and odd products which are under the export agencies. Actually the figure is 1057. I have got the figures right from 1964. I am giving you ths exact figure—1057 In fact, in the last 5 5years, we have added 160 items where it was felt that it was necessary. We are only doing it where we fecl it is necessary. We do not want to increase the burden of the exporter.

SHRI ViHWA BANDHU GUPTA: Sir, I would like to say that it is a pragmatic approach by the Minister in terms of trying to cut the delay. One of the reasons why the Indian exports are not picking up to the extent that they can in the rest of the world is because the goods that are ordered sometimes do not arrive on time. Now the bottleneck can be at

the Customs House where they have to pass through. I am glad that the liberalisation process has started as far as this . part is concerned. But I would like to draw the attention of the hon. Minister to one specific point. Are those exporters of items which India produces best **considered** to **be pride of** India, or can we build an inspiration into the exporters? As he has himself, said that from 28, 000 crores, we may go up to 40, 000 erores. I would like to know whether there is any scheme of the Government to encourage, or inspire the people to say that they are the best in the world and a pride of Indian products.

The other thing I would like to know is whether the defective goods, where he found that enquiries were necessary for their being sub-standard, were in handicrafts or in engineering goods and whether any specific **action** has **been** taken in that sector where the goods have not been found to be satisfactory.

SHRI ARUN **KUMAR** NEHRU: Su, we take full pride in the people who are doing well, and I think it would be premature for me **at this** stage to say anything because a new Import-Export Policy will be laid on the **Table** of the House tomorrow. I think the fact which the honourable Member has made, that people should get **recognition** as well, is taken care of. This is one of the reasons why we are encouraging people to have in-built quality controls and we are leaving them free. As **far** as the promotion of products which you mentioned is concerned, it does not **pertain** to this question, but we have the Trade Development Authority, we are having major promotions abroad and **there, the** best exporters we have for handicrafts and others are being encouraged and, with the best stalls in the world today, we are having exhibitions.

Now, the whole point here is about the complaints which are coming. There are so few complaints that there have been hardlv 15 to 20 in the whole year. There may be one or two on agricultural products, may be one' or two on handicraft products, but there is nothing very substantive really. We had some complaints on agricultural products, and these we are looking into in consultation with the other **Ministries.**

Export Potential of Export Processing Zones

*242. SHRI BIR BHADRA PRATAP SINGH:

SHRI RAM NARESH YADAV:

Will the Minister of COMMERCE be pleased to state:

(a) whether it is a fact that according to a study conducted by the Indian Institute of Foreign Trade, the export potential of India's six Export Processing Zones has remained untapped;

(b) if so, what are the reasons therefor-

(c) what steps are being taken by Government to attract foreign investors and to stimulate the exports of these zones in the next two years;

(d) whether it is also a fact that sizeable investment has been made on the setting up of these zones; and

(e) if so, what is the total investment made and the value of exports made by the units in these zones during the years 1988-89?

THE MINISTER OF COMMERCE AND TOURISM (SHRI ARUN KUMAR NEHRU): (a) to (e) A statement is laid on the Table of the House.

Statement

(a) and (b) The Indian Institute of Foreign Trade in its study on "Free Trade Zones in selected developing countries" hag noted that exports from the six Export Processing Zones during 1988-89 was Rs. 51 6 "crores *i. e.* about 2. 6 per cent of our total exports. The study has stated

T The question was actually asked on the floor of the House by Shri Ram Naresh Yadav.